

Do Tough Economic Times Breed Better Innovations?



Every morning we wake up to a barrage of reports on the global state of the economy and how it is impacting our citizens, our government as well as nations around the world. One day the market is up and showing possible signs of recovery; the next day the market takes back any profits we made the previous day and the media is again reporting all "doom and gloom."

Ironic as it may seem, an economic downturn can have positive effects on companies and can actually spark innovations that lead to a new growth of entrepreneurial icons and job creators. During economic downturns, innovation has proven to be the single most important condition for transforming the crisis into an opportunity. It's when the brightest and toughest get going and pursue that long hidden desire to accomplish the impossible.

Although slow economic times may seem like the most inopportune time to launch a new business or an invention, it is actually one of the best times to be innovative. Looking back in history, one can come up with quite an impressive list of companies that were founded during the worst economic downturn in U.S. history – the Great Depression. Those that fell under the tech industry category included giants like Motorola, Hewlett-Packard, Xerox, Unisys, and Texas Instruments.

No matter what the size, all companies today need to cut costs and decide what should stay and what should go. One of the first indications of downsizing is often the re-allocation of funds for innovation activities such as R&D, training or education budgets. Long-term projects are put on hold, hiring freezes are implemented and investment capital for such expenditures all but evaporates.

With the economic recovery looking like it is still a long ways off, the tech sector has proven once again to be one of the rare bright spots of expansion and growth. It seems the diversity of the market and the vast array of consumer electronic products being generated are strong forces to overcome the volatility affecting other industries. In fact, a survey which was recently conducted at the second annual Intellectual Property Symposium, revealed that global electronics industry professionals plan to continue to buy patents in spite of the economy. The poll of corporate, legal and engineering executives, who attended the symposium, was

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Published on Wireless Design & Development (<http://www.wirelessdesignmag.com>)

conducted jointly by IPotential, LLC and Semiconductor Insights. The survey revealed that tech companies are increasingly realizing the value of purchasing patents. While 32 percent of the respondents had purchased patents in the past year, 64 percent said that they were open to purchasing patents in the coming year.

Whatever the media might say, this downturn will not destroy or inhibit American ingenuity. Smart companies and innovative thinkers will once again look at this situation as an opportunity to prove that anything is possible and their chances of succeeding in a less competitive environment are greater. After all, there is always room for improvement and good solid ideas that show promise.

Source URL (retrieved on 03/12/2014 - 9:30am):

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